

# Low Income Universal Service Programs

The Drive to Automation



# Lifeline & Link Up

According to USAC, the Low Income fund has...

- ▶ Provided \$1 billion in support in 2009
- ▶ Has 472 participating CETCs in 2010
- ▶ Supports over 8 million connections

*The Lifeline & Linkup Low Income programs are obviously well established and can provide a solid base from which to increase subscribership...given the right tools.*

# Federal–State Joint Board Request for Comments

In June, in response to an FCC order referring to the Joint Board questions regarding the low-income USF program, the Joint Board issued a request for comments on the following:

- ▶ Verification
- ▶ Outreach
- ▶ Consumer Eligibility

# The Low Income Subscriber

A designated ETC since 2003, YourTel America's experience has taught us that these subscribers are:

- ▶ Burdened with the process of redundantly providing proof of eligibility.
- ▶ Don't automatically order phone service as soon as they are qualified under a proxy program.
- ▶ Tend to purchase phone service when they can afford it, see as somewhat of an impulse purchase and thus expect immediate gratification.

*Remember, the goal is to make it easy in order to increase subscribership.*



# Creating Subscribers, Not Enrollees

Create a database whereby all carriers can “dip” for verification via an API or web based system.

- ▶ Substitute the “push” of applicant data to carriers, which usually favors ILECs, with the carriers who market to eligible consumers to “pull” customers to the product.
- ▶ Automatic enrollment is good, but usually only serves customers who already have telephone service.
- ▶ Further exploit the benefit of a database by using the information for easy electronic recertification to eliminate duplication of services.

*The marketplace needs a system that supports outreach to those who **do not** have telephone service and ideally those without broadband.*

# The Critical Shortcomings of the PIN Based System

The proposed PIN based approach is an imperfect solution.

- ▶ The process is akin to selling someone a car but making them go somewhere else to get the tires (the PIN) as the applicant would be required to, once again, visit the agency.
- ▶ The process continues to place a burden on the consumer as they are charged with transporting the information from the agency to the carrier of choice.
- ▶ Seeks to shift the process of verification to resource challenged and currently budget challenged state agencies.



# The North Carolina Example

The North Carolina Division of Social Services' enrollment process of new Lifeline subscribers is a good example of how the multiple steps in the proposed PIN process won't work and works against the goal of subscribership. In North Carolina the:

- ▶ Applicant requests service and carrier mails the applicant a Link-Up/Lifeline form.
- ▶ Customer takes the form to a case worker at the Department of Social Services, a local SSA representative at Social Security or a Housing Authority or Section 8 official for approval.
- ▶ Proxy program mails the completed form to carrier of choice.

*It is easy to see why, according to the 2010 FCC Telephone Subscribership Report, North Carolina ranks 32nd and why, according to the 2009 FCC Telephone Penetration report only 88% of households with incomes under \$10K have phone service.*

# Fixing the PIN Proposal

YourTel's suggestion to make a PIN based process work...

- ▶ Agency automatically generates a PIN at the same time the applicant is approved for the proxy program
- ▶ USAC stores the PIN in a database that is accessible, when needed, by the carrier of choice from which the Lifeline applicant requests service
- ▶ Carrier retrieves PIN that already exists for all eligible subscribers

*Tools like the recently released FCC API tools can enable this communication between independent industry and government databases.*



## To Summarize...

- ▶ The current Lifeline/Link Up Program is established but carriers need better tools to increase subscribership.
- ▶ The purchasing habits of Low Income applicants must be taken into consideration.
- ▶ A PIN based system could be helpful, but must be designed with ease of use and not made burdensome to the applicant.

